

Montana's Regional Innovation Grant (RIG)
MEETING SUMMARY

CORE LEADERSHIP GROUP
Ronan, Montana

Prepared for
Montana Department of Labor and Industry
November 20, 2008

Montana's Regional Innovation Grant (RIG)
CORE LEADERSHIP GROUP (Meeting 2 of 6)
November 20, 2008

SESSION OBJECTIVES

1. Explore facilitators' data review and Core Group member conference feedback.
2. Move forward on identifying and exploring industry clusters.

INTRODUCTION

The Core Leadership Group for Montana's Regional Innovation Grant (RIG) held their second meeting Nov. 20, 2008. The following summarizes who attended; recent conference and data reports; and potential industry clusters.

CORE GROUP MEMBERS ATTENDING

- Marcy Allen (BREDD)
- Tim Bronk (Superintendent, Darby Schools)
- Chad Delong (Missoula Area Economic Development Corp.)
- Shelly Fyant (Kicking Horse Job Corps)
- Pat Hulla (Montana Dept. of Labor and Industry; nw Montana)
- Debbie Krantz (Lake/Sanders County Job Service; Polson/Thompson Falls)
- Greg Landon (MTC Job Corps)
- Billie Lee (Lake County Community Development)
- Ruth Link (Missoula Organization of Realtors)
- Ray Marshall (Sanders County Community Development)
- Al Maurilla (Montana Department of Labor and Industry; central Montana)
- Tracy McIntyre (Eureka Rural Development Partners)
- Kim Morisaki (Montana West Economic Development)
- Jim Morton (District XI Human Resource Council)
- Jennifer Nelson (NW Montana Economic Development District)
- Jay W. Preston (Community Tel/Ronan Telephone Company)
- Doug Rauthe (Northwest Montana Human Resources)
- Paul Uken (Montana Logging Association)
- Charlie Wright (Montana Department of Commerce)

TECHNICAL ADVISORS/FACILITATORS

- Kay Strayer (Montana Department of Labor and Industry)
- Gary Warren (Montana Dept. of Labor and Industry)
- Marcia Hogan (Facilitator)
- Sherry Munther (Facilitator)
- Virginia Tribe (Facilitator)

PROCESS UPDATES

RIG Limited Solicitation Grants

Gary Warren discussed the three \$25,000 limited-solicitation grants that DOL is offering to support the RIG process through the development of regional economic and workforce strategies. Refer to the grant application for details.

Missoula Area Economic Development Corporation (MAEDC) “Blueprint”

Chad DeLong said MAEDC would apply for a RIG grant and use the core group to “ground truth” their work. Chad is identifying partners to serve on MAEDC’s steering committee. The core group advised Chad to include residents from the seven County region, not just Missoula County residents even though many might represent all of western Montana.

CONFERENCE REVIEW

Core Group members reported what they learned at the following conferences the last two months that could help us in this process.

“Success in the New West”

Kim Morisaki and others reported on:

- Green Building – There is a need for more affordable worker housing. How do we sell the payback of green buildings to offset upfront cost of housing? We will move toward smaller more energy efficient homes. Businesses are moving toward green building. Sustainable buildings sustain business. Real estate and building industry are pursuing green building tax credit. Green building also translates into healthier interiors through the use of more natural products.
- Health Care – By the year 2032, if we stay on the same trend, every single dollar we collect in taxes will go toward social security, Medicare and Medicaid.
- Energy Production – It isn’t just wind in eastern Montana, but there are opportunities in western Montana. There’s biofuels and recycling. There are eight geothermal sites on national forest land and most are in western Montana. Lake County has a geoplasma gasification plant. Sanders County has a geothermal energy source in Hot Springs.
- Nan Russell workshop stressed importance of trust building in partnerships, which reinforced the importance of ground rules in the RIG process.
- Engagement of Flathead area young professionals impressive.

“Governor’s Restoration Workforce Conference”

Kay Strayer said the Conference reiterated what a restoration economy is and that it is ongoing. Montana Tech will take the lead in on-line training. There was Group discussion on urban sprawl and the value of building “up” rather than spreading out – and that restoration applies to the “built” environment as well.

“Real Estate Development in the Northern Rockies”

The conference addressed these changes in the West:

- Movement toward local support and sources;
- Reuse and recycle;
- Incentives for builders/ developers to buy into multiple-party plans versus restrictive plans;
- The importance of small business development in the local community.

Ruth Link said although housing and building is the number one industry, it is susceptible to fluctuations in the economy. The situation most likely will not get better until 2009/2010. Montana is better than most states because we did not overbuild and there are fewer foreclosures. Trends show that upcoming generations are more comfortable “compact living.”

“Community Leadership Development Program”

Tracy McIntyre reported on “Horizon Living” study circles that train residents to take care of themselves and to conduct discussions on leadership and poverty.

“Big Sky Carbon Sequestration Meeting”

Jennifer Nelson described a process presented at the meeting - of grinding wood and putting it underground to sequester carbon. She said the speaker described a tree as a carbon-sequestering machine with solar panels.

In an overarching way, Core Group members who attended conferences suggested many changes on the horizon as we address green building, look for more local and healthy products, develop new and sustainable energy sources and restore polluted sites and decaying buildings.

FACILITATOR DATA REVIEW

The facilitators summarized the results of the data reviewed by the facilitators. (Please refer to attached bibliography for data that the Core Group had recommended for review.) An overview of findings includes:

- Most of the data affirmed what the Core Group already identified in terms of the area's economic situation.
- Because data is always based on past information, it did not reflect the recent national economic downturn which caused nearly everything to change this September.
- Generally the data provided a critique of industries and workforce situations.
- Rather than specific strategies on how to proceed, the data repeated suggested process steps (e.g. "partnering", "Team approaches", finding funds, etc.).
- Some data referred to outside forces affecting the economic situation in the northwest such as:
 - Federal laws and regulations (i.e., Endangered Species Act);
 - Initiatives/mandates from the national level;
 - Changing public/societal values and expectations from a national rather than local perspective;
 - New environmental realities – resulting in a decrease in the kinds of job that we have depended on in the northwest;
 - Increasing globalization and mechanization – where in a changing, increasingly global market small and mid-size organizations have a more difficult time competing.
- Gaps in jobs and training was obvious in the data.
- The data affirmed that Montana is an aging state where certain industry health clusters such as health care will be important.
- Although not present in the data reviewed, it's evident that the new Administration will put initial emphasis on recovering the economy in a variety of ways; greener approaches to energy; repair/maintenance of infrastructure; and economic and environmental sustainability.

EXPLORING INDUSTRY CLUSTERS/FORMING SUB-COMMITTEES

“A cluster is a geographically-bounded concentration of similar, related, or complementary businesses, with active channels for business transactions, communications, and dialogue, that share specialized infrastructure, labor markets, and services, and that are faced with common opportunities and threats.” (“Montana Industry Cluster Analysis”, May 2003)

Based on the data review and the above definition of “cluster”, the facilitators created six industry clusters for the core group to consider as they address regional economic and workforce development in western Montana. Please see the attached Response to Data Review. After discussing the suggested industry clusters, the group re-formed and further explored the following:

- Tourism/Recreation
- Technology/Telecommunications
- Energy Development
- Infrastructure/Utilities
- Health Care/Medical
- Forest-based products and Stewardship
- Restoration (remediation, ecological restoration and the built environment)
- Construction/Land/Housing/Real Estate
- Retail Sales and Services

In the end, the Core Group agreed on the following five industry clusters for further examination by a sub-committee. Each committee selected a chair and outlined an action plan for completing a white paper by the December 18 meeting. The attached white paper suggests an outline as a guide.

Health Care/Medical

Doug Rauthe, Tim Bronk, Susie Burch, Rosalie Cates and Lynn Stocking

Technology/Telecommunications

Marcy Allen, Jay Wilson Preston, Kim Morisaki, Dixie Stark, Debbie Krantz

Forest-based products and Stewardship

Paul Uken, Jennifer Nelson, Tracy McIntyre, Charlie Wright, Chad DeLong

Restoration and Remediation

Ruth Link, Greg Landon, Ray Marshall, Marnie Criley

Energy Development

Billie Lee, Jennifer Nelson, Shelly Fyant, Pat Hulla, Jim Morton

WHERE DO WE GO FROM HERE?

Homework for Next Time

Each of the five industry cluster sub-committees will be prepared to present their “white paper” at the December 18 Core Leadership Group meeting.

Mark Your Calendars

- The next Core Group meeting will be Thursday, December 18 at the Ronan County Club with breakfast at 8:30 and the meeting from 9:00 AM to late Afternoon (with lunch served).
- Meetings are also scheduled for January 23 and February 18 and 19, 2009,

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Core Leadership Group**

**Data Review- Bibliography
November 2008**

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Montana Department of Labor & Industry
Core Leadership Group – Response to Data Review Request
November 2008

Industry Cluster – Forest-Based Products and Forest Restoration

Why

- Continue to use and supply wood products from western Montana forests
- Support, update and evolve forest-dependent communities and infrastructure
- Maintain the relationship between the logging industry and manufacturing.
- Link the wood product and restoration businesses to “community” forests
- Work successfully within society’s desire for environmental and economic sustainability
- Improve forest health through stewardship and restoration projects
- Take advantage of changing nature of forest “supply” to smaller logs and biomass
- Maintain local culture while recognizing the need to adapt to new cultural norms to prosper in a changing world

Trends

- Globalization of the wood economy and global-scale market forces and the difficulty for small and medium-sized manufacturers to compete in that environment
- Fluctuation in fuel prices and costs of transportation.
- Increasing mechanization
- Global climate change and new environmental realities
- Society’s demand for desirable forest conditions
- Application of Federal laws and regulations
- Changing forest ownership and business models among corporate owners
- National need and push for renewable and new energy

Challenges

- How can the industry be organized around the need to manage healthy forests on public and private land and still be profitable?
- What are western Montana’s competitive advantages?
- What are the target markets where success is likely - what unique product lines/niches might be filled?
- How can current logging and manufacturing systems be more cost effective?
- What role might forests play regarding carbon sequestering and carbon credits?

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Industry Cluster – Environmental Remediation

Why

- Support, update and evolve local communities and infrastructure where environmental remediation is taking place
- Work successfully within society's desire for environmental and economic sustainability.
- Use remediation projects to spawn redevelopment in communities and their infrastructure.

Trends

- Global climate change and new environmental realities
- Society's demand to live in clean and safe environment
- Potential economic stimulus program pairing jobs with environmental clean-up
- Fewer Federal dollars available for remediation

Challenges

- Where are western Montana's remediation opportunities?
- What redevelopment opportunities might parallel remediation efforts?

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Industry Cluster – Health Care

Why

- Support, update and evolve local communities and infrastructure
- Respond to Montana's aging population

Trends

- Current inability and perhaps – unwillingness – to address the national health care situation
- Desired home health and nursing home care is limited by the high turnover of low-wage, direct-care positions
- Remain largest employer in private business sector as population ages

Challenges

- How can the industry be organized around the need to provide health care for people living in small, rural communities?
- What are western Montana's competitive advantages?
- What unique health care "products" and niches exist in western Montana?

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Industry Cluster – Energy

Why

- Support, update and evolve communities and infrastructure
- Establish a profitable relationship between energy and local manufacturing
- Take advantage of the national need and push for renewable and new energy supplies and initiatives
- Take advantage of Montana's natural resources related to energy development and supply
- Take advantage of the changing nature of energy

Trends

- Globalization
- Difficulty of small and medium-sized entities to compete
- Global climate change and new environmental realities
- Emphasis on new and renewable energy research and development with new administration in Washington DC

Challenges

- How can the industry be organized so it is economically sound and environmentally sustainable?
- What are western Montana's competitive advantages when it comes to energy?
- What unique opportunities exist for western Montana regarding energy?

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Industry Cluster – Tourism and Recreation

Why

- Continue focus on natural environment and outdoor-oriented experiences to draw (and tax) visitors
- Recognize appeal of cultural, Native American and eco-tourism that western Montana has to offer
- Support, update, and evolve communities and infrastructure.
- Maintain the relationship between forests/natural resources and visitor use.
- Work successfully within society's desire for environmental and economic sustainability

Trends

- Fluctuation in fuel prices
- Global climate change and new environmental realities
- Fewer consumer dollars available for recreation and travel due to international economic downturn

Challenges

- What are western Montana's competitive advantages?
- What are the target markets where success is likely - what unique product lines and niches might be filled?
- How to protect natural surroundings that draw people to western Montana landscape and small-towns?
- How to balance the off-road needs of the motorized recreation users with the non-motorized recreation users.

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Supporting industries – Infrastructure and Technology

Why

- Support, update and evolve communities and industries.
- Establish important relationships and partnerships that support industries in a more interdependent way.
- Acknowledge society's desire for environmental and economic sustainability

Trends

- Difficulty of small and medium-sized manufacturers to compete
- Fluctuation in fuel prices
- Global climate change and new environmental realities
- Changing ownership and business models
- Potential economic stimulus program pairing jobs with infrastructure improvements

Challenges

- How can the industries be organized to look at infrastructure and technology in a more interdependent manner to increase profitability?
- What are western Montana's competitive advantages and how can infrastructure and technology contribute to them?
- How can infrastructure and technology be more cost effective?

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Exploring Industry Clusters in Western Montana
"White Paper" Suggested Outline
November 2008

Industry Cluster_____

1. What entities make up this industry cluster in Western Montana?
2. What are the high-impact organizations within this cluster and where are they located? Draw a "map" that helps us have some sense of "Region".
3. From the perspective of entities involved, what is the condition of the industry now and why? From their perspective, what realistic growth opportunities exist?
4. What infrastructure is critical to this industry cluster as it moves forward?
5. Generally, what are the current skill sets employed in this industry? What skills/talents are needed to move the industry forward?
6. In an overall sense, what "gaps" so you see regarding this industry cluster and what ideas do you have about bridging those gaps?
7. Find a success story and be prepared to tell us about it.